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## GENERAL

1. US position on French-German relations--The Department of State has informed Secretary Marshall in Paris that the unfavorable French reaction to the US-UK military government trusteeship law, with its provision that the pattern of Ruhr ownership be decided by the future German government, is symptomatic of a larger French misunderstanding of US policy in Germany. The Department suggests that Secretary Marshall and Foreign Secretary Bevin might review with Foreign Minister Schuman the future tripartite policy toward Germany. The Department feels that it would be timely to spell out clearly and firmly to the French that the only real solution of the German problem, insofar as French security is concerned, lies in the establishment of a stronger political and economic organization of western Europe. In the Department's view, the US cannot contribute substantial financial help to France and at the same time increase its burden with respect to Germany. The Department considers that in any settlement of the Ruhr problem, French security will be advanced not by international ownership and management but by: (a) the US commitment on German disarmament; (b) US support of a north Atlantic security system; (c) the establishment of a Ruhr authority to determine allocations of coal and steel; and (d) the US determination that foreign interests will be granted non-discriminatory treatment in Germany. S-TS

## FAR EAST

2. CHINA: Anarchy anticipated following the fall of Chiang Kai-shek-- US Embassy Nanking believes that the principal Nationalist military forces remaining between Hsuchou and Nanking will probably be destroyed by the Communists within the next two weeks. The Embassy is of the opinion that when this occurs the National Government will either disintegrate or flee southward. The [redacted] S-TS

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Embassy anticipates widespread civil unrest and a breakdown of law and order rather than an orderly transfer of power to a successor government. The Embassy therefore feels that the time has come to institute US emergency evacuation procedures for nearly all China.

3. KOREA: Postponement of US troop withdrawals urged--US Representative Muccio in Seoul considers that only the postponement of US troop withdrawals would guarantee the Republic the minimum security necessary to maintain its independent existence. Muccio believes that such a postponement would allow: (a) the Republic time to make its economic rehabilitation program effective; (b) an appraisal of the strength and intentions of North and South Korean Communists after the USSR has completed the withdrawal of its troops; (c) further preparation of South Korean security forces to assume responsibility for internal and external security; and (d) further time for the Republic to make certain desirable political reforms. (US troop withdrawals are presently scheduled to be completed by 1 December 1948.)

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